



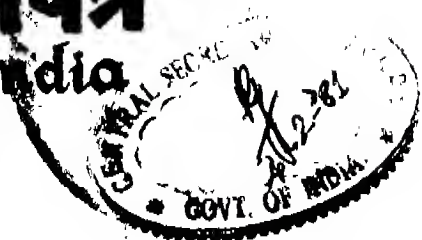
# भारत का राजपत्र The Gazette of India

असाधारण  
EXTRAORDINARY

भाग II—खण्ड 2  
PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY



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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed  
as a separate compilation

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 12th June, 1980:—

BILL No. 96 OF 1980

*A Bill to provide for the acquisition and transfer of the undertakings of certain banking companies, having regard to their size, resources, coverage and organisation, in order further to control the heights of the economy, to meet progressively, and serve better, the needs of the development of the economy and to promote the welfare of the people in conformity with the policy of the State towards securing the principles laid down in clauses (b) and (c) of article 39 of the Constitution and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Thirty-first Year of the Republic of India as follows:—

### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

(2) It shall be deemed to have come into force on the 15th day of April, 1980.

2. In this Act, unless the context otherwise requires,—

(a) “banking company” does not include a foreign company within the meaning of section 591 of the Companies Act, 1956;

Short  
title  
and  
com-  
mence-  
ment.

Defini-  
tions.

(b) "corresponding new bank", in relation to an existing bank, means the body corporate specified against such bank in column 2 of the First Schedule;

(c) "Custodian" means the person who becomes, or is appointed, a Custodian under section 7;

(d) "existing bank" means a banking company specified in column 1 of the First Schedule, being a company the total of the demand and time liabilities in India of which, as shown in the return as on the 14th day of March, 1980, furnished to the Reserve Bank under section 42 of the Reserve Bank of India Act, 1934 2 of 1934. amounts to not less than rupees two hundred crores;

(e) words and expressions used herein and not defined but defined in the Banking Regulation Act, 1949, have the meanings respectively assigned to them in that Act. 10 of 1949.

## CHAPTER II

### TRANSFER OF THE UNDERTAKINGS OF EXISTING BANKS

Establishment of corresponding new banks and business thereof.

3. (1) On the commencement of this Act, there shall be constituted such corresponding new banks as are specified in column 2 of the First Schedule.

(2) The paid-up capital of every corresponding new bank constituted under sub-section (1) shall, until any provision is made in this behalf in any scheme made under section 9, be equal to the paid-up capital of the existing bank in relation to which it is the corresponding new bank.

(3) The entire capital of each corresponding new bank shall stand vested in, and allotted to, the Central Government.

(4) Every corresponding new bank shall be a body corporate with perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, and to contract, and may sue and be sued in its name.

(5) Every corresponding new bank shall carry on and transact the business of banking as defined in clause (b) of section 5 of the Banking Regulation Act, 1949, and may engage in one or more forms of business specified in sub-section (1) of section 6 of that Act. 10 of 1949.

(6) Every corresponding new bank shall establish a reserve fund to which shall be transferred the share premiums and the balance, if any, standing to the credit of the reserve fund of the existing bank in relation to which it is the corresponding new bank, and such further sums, if any, as may be transferred in accordance with the provisions of section 17 of the Banking Regulation Act, 1949. 10 of 1949.

Undertaking of existing banks to vest in corresponding new banks.

4. On the commencement of this Act, the undertaking of every existing bank shall be transferred to, and shall vest in, the corresponding new bank.

General effect of vesting.

5. (1) The undertaking of each existing bank shall be deemed to include all assets, rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserve funds, invest-

ments and all other rights and interests in, or arising out of, such property as were immediately before the commencement of this Act in the ownership, possession, power or control of the existing bank in relation to the undertaking, whether within or without India, and all books of accounts, registers, records and all other documents of whatever nature relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the existing bank in relation to the undertaking.

(2) If, according to the laws of any country outside India, the provisions of this Act by themselves are not effective to transfer or vest any asset or liability situated in that country which forms part of the undertaking of an existing bank to, or in, the corresponding new bank, the affairs of the existing bank in relation to such asset or liability shall, on and from the commencement of this Act, stand entrusted to the chief executive officer for the time being of the corresponding new bank, and the chief executive officer may exercise all powers and do all such acts and things as may be exercised or done by the existing bank for the purpose of effectively transferring such assets and discharging such liabilities.

(3) The chief executive officer of the corresponding new bank shall, in exercise of the powers conferred on him by sub-section (2), take all such steps as may be required by the laws of any such country outside India for the purpose of effecting such transfer or vesting, and may either himself or through any person authorised by him in this behalf realise any asset and discharge any liability of the existing bank.

(4) Unless otherwise expressly provided by this Act, all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the commencement of this Act and to which the existing bank is a party or which are in favour of the existing bank shall be of as full force and effect against or in favour of the corresponding new bank, and may be enforced or acted upon as fully and effectually as if in the place of the existing bank the corresponding new bank had been a party thereto or as if they had been issued in favour of the corresponding new bank.

(5) If, immediately before the commencement of this Act, any suit, appeal or other proceeding of whatever nature in relation to any business of the undertaking which has been transferred under section 4, is pending by or against the existing bank, the same shall not abate, be discontinued or be in any way, prejudicially affected by reason of the transfer of the undertaking of the existing bank or of anything contained in this Act but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the corresponding new bank.

(6) Nothing in this Act shall be construed as applying to the assets, rights, powers, authorities and privileges and property, movable and immovable, cash balances and investments in any country outside India (and other rights and interests in, or arising out of, such property) and borrowings, liabilities and obligations of whatever kind subsisting immediately before the commencement of this Act, of any existing bank operating in that country if, under the laws in force in that country, it is not permissible for a banking company, owned or controlled by Government, to carry on the business of banking there.

## CHAPTER III

## PAYMENT OF AMOUNT

Payment of  
amount.

6. (1) Every existing bank shall be given by the Central Government such amount in respect of the transfer, under section 4, to the corresponding new bank of the undertaking of the existing bank as is specified against each such bank in the Second Schedule.

(2) The amount referred to in sub-section (1) shall be given to every existing bank, at its option,—

(a) in cash (to be paid by cheque drawn on the Reserve Bank) in three equal annual instalments, the amount of each instalment carrying interest at the rate of five and a half per cent. per annum from the commencement of this Act; or

(b) in saleable or otherwise transferable promissory notes or stock certificates of the Central Government issued and repayable at par, and maturing at the end of—

(i) ten years from the commencement of this Act and carrying interest from such commencement at the rate of six per cent. per annum; or

(ii) Thirty years from the commencement of this Act and carrying interest from such commencement at the rate of seven per cent. per annum; or

(c) partly in cash (to be paid by cheque drawn on the Reserve Bank) and partly in such number of securities specified in sub-clause (i) or sub-clause (ii), or both of clause (b), as may be required by the existing bank; or

(d) partly in such number of securities specified in sub-clause (i) of clause (b) and partly in such number of securities specified in sub-clause (ii) of that clause, as may be required by the existing bank.

(3) The first of the three equal annual instalments referred to in clause (a) of sub-section (2) shall be paid, and the securities referred to in clause (b) of that sub-section shall be issued, within sixty days from the date of receipt by the Central Government of the option referred to in that sub-section, or where no such option has been exercised, from the latest date before which such option ought to have been exercised.

(4) The option referred to in sub-section (2) shall be exercised by every existing bank before the expiry of a period of three months from the commencement of this Act (or within such further time, not exceeding three months, as the Central Government may, on the application of the existing bank, allow) and the option so exercised shall be final and shall not be altered or rescinded after it has been exercised.

(5) Any existing bank which omits or fails to exercise the option referred to in sub-section (2), within the time specified in sub-section (4), shall be deemed to have opted for payment in securities specified in sub-clause (i) of clause (b) of sub-section (2).

(6) Notwithstanding anything contained in this section, any existing bank may, before the expiry of three months from the commencement

of this Act (or within such further time, not exceeding three months, as the Central Government may, on the application of the existing bank, allow) make an application in writing to the Central Government for an interim payment of an amount equal to seventy-five per cent. of the amount of the paid-up capital of such bank, immediately before such commencement, indicating therein whether the payment is desired in cash or in securities specified in sub-section (2), or in both.

(7) The Central Government shall, within sixty days from the receipt of the application referred to in sub-section (6), make the interim payment to the existing bank in accordance with the option indicated in such application.

(8) The interim payment made to an existing bank under sub-section (7) shall be set off against the total amount payable to such existing bank under this Act and the balance of the amount remaining outstanding after such payment shall be given to the existing bank in accordance with the option exercised, or deemed to have been exercised, under sub-section (4) or sub-section (5), as the case may be.

Provided that where any part of the interim payment is obtained by an existing bank in cash, the payment so obtained shall be set off, in the first instance, against the first instalment of the cash payment referred to in sub-section (2), and in case the payment so obtained exceeds the amount of the first instalment, the excess amount shall be adjusted against the second instalment and the balance of such excess amount, if any, against the third instalment of the cash payment.

#### CHAPTER IV

##### MANAGEMENT OF CORRESPONDING NEW BANKS

7. (1) The head office of each corresponding new bank shall be at such place as the Central Government may, by notification in the Official Gazette, specify in this behalf, and, until any such place is so specified, shall be at such place at which the head office of the existing bank, in relation to which it is the corresponding new bank, is on the commencement of this Act, located.

Head  
office and  
manage-  
ment.

(2) The general superintendence, direction and management of the affairs and business of a corresponding new bank shall vest in a Board of Directors which shall be entitled to exercise all such powers and do all such acts and things as the corresponding new bank is authorised to exercise and do.

(3) (a) As soon as may be after the commencement of this Act, the Central Government shall, in consultation with the Reserve Bank, constitute the first Board of Directors of a corresponding new bank, consisting of not more than seven persons, to be appointed by the Central Government, and every director so appointed shall hold office until the Board of Directors of such corresponding new bank is constituted in accordance with the scheme made under section 9:

Provided that the Central Government may, if it is of opinion that it is necessary in the interests of the corresponding new bank so to do, remove a person from the membership of the first Board of Directors and appoint any other person in his place.

(b) Every member of the first Board of Directors (not being an officer of the Central Government or of the Reserve Bank) shall receive



such remuneration as is equal to the remuneration which a member of the Board of Directors of the existing bank was entitled to receive immediately before the commencement of this Act.

(4) Until the first Board of Directors is appointed by the Central Government under sub-section (3), the general superintendence, direction and management of the affairs and business of a corresponding new bank shall vest in a Custodian, who shall be the chief executive officer of that bank and may exercise all powers and do all acts and things as may be exercised or done by that bank.

(5) The Chairman of an existing bank holding office as such immediately before the commencement of this Act, shall be the Custodian of the corresponding new bank and shall receive the same emoluments as he was receiving immediately before such commencement:

Provided that the Central Government may, if the Chairman of an existing bank declines to become, or to continue to function as, a Custodian of the corresponding new bank, or, if it is of opinion that it is necessary in the interests of the corresponding new bank so to do, appoint any other person as the Custodian of a corresponding new bank and the Custodian so appointed shall receive such emoluments as the Central Government may specify in this behalf.

*Explanation.*—In this sub-section and in sub-section (1) of section 12, the expression "Chairman", in relation to any existing bank, includes the person carrying out the duties of the Chairman or otherwise functioning as the chief executive officer of that bank.

(6) The Custodian shall hold office during the pleasure of the Central Government.

8. Every corresponding new bank shall, in the discharge of its functions, be guided by such directions in regard to matters of policy involving public interest as the Central Government may, after consultation with the Governor of the Reserve Bank, give.

Corresponding new banks to be guided by the directions of the Central Government.

Power of Central Government to make scheme.

9. (1) The Central Government may, after consultation with the Reserve Bank, make a scheme for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, the said scheme may provide for all or any of the following matters, namely:—

(a) the capital structure of the corresponding new bank, so however that the paid-up capital of any such bank shall not be in excess of rupees fifteen crores;

(b) the constitution of the Board of Directors, by whatever name called, of the corresponding new bank and all such matters in connection therewith or incidental thereto as the Central Government may consider to be necessary or expedient;

(c) the reconstitution of any corresponding new bank into two or more corporations, the amalgamation of any corresponding new bank with any other corresponding new bank or with another bank.

ing institution, the transfer of the whole or any part of the undertaking of a corresponding new bank to any other banking institution or the transfer of the whole or any part of the undertaking of any other banking institution to a corresponding new bank;

(d) such incidental, consequential and supplemental matters as may be necessary to carry out the provisions of this Act.

(3) Every Board of Directors of a corresponding new bank, constituted under any scheme made under sub-section (1), shall include—

(a) representatives of the employees, and of depositors, of such bank; and

(b) such other persons as may represent the interests of each of the following categories, namely, farmers, workers and artisans,

to be elected or nominated in such manner as may be specified in the scheme.

(4) The Central Government may, after consultation with the Reserve Bank, make a scheme to amend or vary any scheme made under sub-section (1).

(5) Every scheme made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the scheme or both Houses agree that the scheme should not be made, the scheme shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that scheme.

## CHAPTER V

### MISCELLANEOUS

10. (1) Every corresponding new bank shall cause its books to be closed and balanced on the 31st day of December of each year and shall appoint, with the previous approval of the Reserve Bank, auditors for the audit of its accounts.

Closure  
of ac-  
counts  
and dis-  
posal of  
profits.

(2) Every auditor of a corresponding new bank shall be a person who is qualified to act as an auditor of a company under section 226 of the Companies Act, 1956 and shall receive such remuneration as the Reserve Bank may fix in consultation with the Central Government.

1 of 1956.

(3) Every auditor shall be supplied with a copy of the annual balance-sheet and profit and loss account and a list of all books kept by the corresponding new bank, and it shall be the duty of the auditor to examine the balance-sheet and profit and loss account with the accounts and vouchers relating thereto, and in the performance of his duties, the auditor—

(a) shall have, at all reasonable times, access to the books, accounts and other documents of the corresponding new bank;

(b) may, at the expense of the corresponding new bank, employ accountants or other persons to assist him in investigating such accounts; and

(c) may, in relation to such accounts, examine the Custodian or any officer or other employee of the corresponding new bank.

(4) Every auditor of a corresponding new bank shall make a report to the Central Government upon the annual balance-sheet and accounts and in every such report shall state—

(a) whether, in his opinion, the balance-sheet is a full and fair balance-sheet containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of the affairs of the corresponding new bank, and in case he had called for any explanation or information, whether it has been given and whether it is satisfactory;

(b) whether or not the transactions of the corresponding new bank, which have come to his notice, have been within the powers of that bank;

(c) whether or not the returns received from the offices and branches of the corresponding new bank have been found adequate for the purpose of his audit;

(d) whether the profit and loss account shows a true balance of profit or loss for the period covered by such account; and

(e) any other matter which he considers should be brought to the notice of the Central Government.

(5) The report of the auditor shall be verified, signed and transmitted to the Central Government.

(6) The auditor shall also forward a copy of the audit report to the corresponding new bank and to the Reserve Bank.

(7) After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and all other matters for which provision is necessary under any law, or which are usually provided for by banking companies, a corresponding new bank shall transfer the balance of profits to the Central Government.

(8) The Central Government shall cause every auditor's report and report on the working and activities of each corresponding new bank to be laid for not less than thirty days before each House of Parliament as soon as may be after each such report is received by the Central Government.

11. For the purposes of the Income-tax Act, 1961, every corresponding new bank shall be deemed to be an Indian company and a company in which the public are substantially interested.

43 of 1961.

Corresponding new bank deemed to be an Indian company.

Vacation of office of Chairman etc.

12. (1) Every person holding office, immediately before the commencement of this Act, as Chairman of an existing bank shall, if he becomes Custodian of the corresponding new bank, be deemed, on such commencement, to have vacated office as such Chairman.

(2) Save as otherwise provided in sub-section (1), every officer or other employee of an existing bank shall become, on the commencement of this Act, an officer or other employee, as the case may be, of the corresponding new bank and shall hold his office or service in that bank on the same terms and conditions and with the same rights to pension, gratuity



and other matters as would have been admissible to him if the undertaking of the existing bank had not been transferred to and vested in the corresponding new bank and continue to do so unless and until his employment in the corresponding new bank is terminated or until his remuneration, terms or conditions are duly altered by the corresponding new bank.

(3) For the persons who immediately before the commencement of this Act were the trustees for any pension, provident, gratuity or other like fund constituted for the officers or other employees of an existing bank, there shall be substituted as trustees such persons as the Central Government may, by general or special order, specify.

14 of 1947. (4) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any officer or other employee from an existing bank to a corresponding new bank shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

13. (1) Every corresponding new bank shall observe, except as otherwise required by law, the practices and usages customary among bankers, and, in particular, it shall not divulge any information relating to or to the affairs of its constituents except in circumstances in which it is, in accordance with law or practices and usages customary among bankers, necessary or appropriate for the corresponding new bank to divulge such information.

Obligations as to fidelity and secrecy.

(2) Every director, member of a local board or a committee, or auditor, adviser, officer or other employee of a corresponding new bank shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Third Schedule.

(3) Every Custodian of a corresponding new bank shall, as soon as possible, make a declaration of fidelity and secrecy in the form set out in the Third Schedule.

45 of 1860. 14. Every Custodian of a corresponding new bank shall be deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code.

Custodian to be public servant.

15. (1) All acts done by the Custodian, acting in good faith, shall, notwithstanding any defect in his appointment or in the procedure, be valid.

Certain defects not to invalidate acts or proceedings.

(2) No act or proceeding of any Board of Directors or a local board or committee of a corresponding new bank shall be invalid merely on the ground of the existence of any vacancy in, or defect in the constitution of, such board or committee, as the case may be.

(3) All acts done by a person acting in good faith as a director or member of a local board or committee of a corresponding new bank shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in any law for the time being in force:

Provided that nothing in this section shall be deemed to give validity to any act by a director or member of a local board or committee of a corresponding new bank after his appointment has been shown to the corresponding new bank to be invalid or to have terminated.

Indem-  
nity.

16. (1) Every Custodian of a corresponding new bank and every officer of the Central Government or of the Reserve Bank and every officer or other employee of a corresponding new bank, shall be indemnified by such bank against all losses and expenses incurred by him in or in relation to the discharge of his duties except such as have been caused by his own wilful act or default.

(2) A director or member of a local board or committee of a corresponding new bank shall not be responsible for any loss or expense caused to such bank by the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the corresponding new bank, or by the insolvency or wrongful act of any customer or debtor, or by anything done in or in relation to the execution of the duties of his office, unless such loss, expense, insufficiency or deficiency was due to any wilful act or default on the part of such director or member.

Construc-  
tion of  
references  
to existing  
banks.

17. Any reference to any existing bank in any law, other than this Act, or in any contract or other instrument shall, in so far as it relates to the undertaking which has been transferred by section 4, be construed as a reference to the corresponding new bank.

Dissolu-  
tion.

18. No provision of law relating to winding up of corporations shall apply to a corresponding new bank and no corresponding new bank shall be placed in liquidation save by order of the Central Government and in such manner as it may direct.

Power to  
make  
regula-  
tions.

19. (1) The Board of Directors of a corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, make regulations, not inconsistent with the provisions of this Act or any scheme made thereunder, to provide for all matters for which provision is expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, the regulations may provide for all or any of the following matters, namely:—

(a) the powers, functions and duties of local boards and restrictions, conditions or limitations, if any, subject to which they may be exercised or performed, the formation and constitution of local committees and committees of local boards (including the number of members of any such committee), the powers, functions and duties of such committees, the holding of meetings of local committees and committees of local boards and the conduct of business thereat;

(b) the manner in which the business of the local boards shall be transacted and the procedure in connection therewith;

(c) the delegation of powers and functions of the Board of Directors of a corresponding new bank to the general manager, director, officer or other employee of that bank;

(d) the conditions or limitations subject to which the corresponding new bank may appoint advisers, officers or other employees and fix their remuneration and other terms and conditions of service;

(e) the duties and conduct of advisers, officers or other employees of the corresponding new bank;

(f) the establishment and maintenance of superannuation, pension, provident or other funds for the benefit of officers or other employees of the corresponding new bank or of the dependants of such officers or other employees and the granting of superannuation allowances, annuities and pensions payable out of such funds;

(g) the conduct and defence of legal proceedings by or against the corresponding new bank and the manner of signing pleadings;

(h) the provision of a seal for the corresponding new bank and the manner and effect of its use;

(i) the form and manner in which contracts binding on the corresponding new bank may be executed;

(j) the conditions and the requirements subject to which loans or advances may be made or bills may be discounted or purchased by the corresponding new bank;

(k) the persons or authorities who shall administer any pension, provident or other fund constituted for the benefit of officers or other employees of the corresponding new bank or their dependants;

(l) the preparation and submission of statements of programmes of activities and financial statements of the corresponding new bank and the period for which and the time within which such statements and estimates are to be prepared and submitted; and

(m) generally for the efficient conduct of the affairs of the corresponding new bank.

(3) Until any regulation is made under sub-section (1), the articles of association of the existing bank and every regulation, rule, bye-law or order made by the existing bank in force immediately before the commencement of this Act shall be deemed to be the regulations made under sub-section (1) and shall have effect accordingly and any reference therein to any authority of the existing bank shall be deemed to be a reference to the corresponding authority of the corresponding new bank and until any such corresponding authority is constituted under this Act shall be deemed to refer to the Custodian.

10 of 1949. 20. (1) In the Banking Regulation Act, 1949,—

(a) in section 34A, in sub-section (3), for the words “and any subsidiary bank”, the words, figures and brackets “a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, and any subsidiary bank” shall be substituted;

(b) in section 36AD, in sub-section (3), for the words “and any subsidiary bank”, the words, figures and brackets “a corresponding new bank constituted under section 3 of the Banking Companies

Amend-  
ment of  
certain  
enact-  
ments.

(Acquisition and Transfer of Undertakings) Act, 1980, and any subsidiary bank" shall be substituted;

(c) in section 51, for the words "or any other banking institution notified by the Central Government in this behalf", the words, figures and brackets "or any corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any other banking institution notified by the Central Government in this behalf" shall be substituted.

(2) In the Industrial Disputes Act, 1947, in section 2, in clause (bb), for the words "and any subsidiary bank", the words, figures and brackets "a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, and any subsidiary bank" shall be substituted. 14 of 1947.

(3) In the Banking Companies (Legal Practitioners' Clients' Accounts) Act, 1949, in section 2, in clause (a), for the words "and any subsidiary bank", the words, figures and brackets "a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, and any subsidiary bank" shall be substituted. 46 of 1949.

(4) In the Deposit Insurance and Credit Guarantee Corporation Act, 1961, in section 2, in clause (ee), after the figures "1970", the words, figures and brackets "or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980" shall be inserted. 47 of 1961.

(5) In the State Agricultural Credit Corporations Act, 1968, in section 2, in clause (ii), after the figures "1970", the words, figures and brackets "or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980" shall be inserted. 60 of 1968.

Repeal  
and  
saving.

21. (1) The Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1980, is hereby repealed. 3 of 1980.

(2) Notwithstanding such repeal, anything done or any action taken, including any order made, notification issued or direction given, under the said Ordinance shall be deemed to have been done, taken, made, issued or given, as the case may be, under the corresponding provisions of this Act.

#### THE FIRST SCHEDULE

(See sections 2, 3 and 4)

Existing bank		Corresponding new bank
Column 1		Column 2
The Andhra Bank Limited	..	Andhra Bank
Corporation Bank Limited	..	Corporation Bank
The New Bank of India Limited	..	New Bank of India
The Oriental Bank of Commerce Limited	..	Oriental Bank of Commerce
The Punjab and Sind Bank Limited	..	Punjab and Sind Bank
Vijaya Bank Limited	..	Vijaya Bank.

## THE SECOND SCHEDULE

(See section 6)

Name of existing bank	Amount
	(in lakhs of rupees)
The Andhra Bank Limited ..	610
Corporation Bank Limited ..	180
The New Bank of India Limited ..	510
The Oriental Bank of Commerce Limited ..	100
The Punjab and Sind Bank Limited ..	210
Vijaya Bank Limited ..	240

## THE THIRD SCHEDULE

[See sub-sections (2) and (3) of section 13]

## DECLARATION OF FIDELITY AND SECRECY

I, \_\_\_\_\_, do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as Custodian, director, member of Local Board, member of Local Committee, auditor, adviser, officer or other employee (as the case may be) of the\* \_\_\_\_\_ and which properly relate to the office or position in the said\* \_\_\_\_\_ held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the\*

\_\_\_\_\_ or to the affairs of any person having any dealing with the\* \_\_\_\_\_; nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the\* \_\_\_\_\_ and relating to the business of the\* \_\_\_\_\_ or to the business of any person having any dealing with the\*

\*Name of corresponding new bank to be filled in.



## STATEMENT OF OBJECTS AND REASONS

To gain control over the commanding heights of the economy for the attainment of the national, social and economic, objectives fourteen major indian scheduled banks, each with deposits of Rs. 50 crores or more, were nationalised in July, 1969. It was then visualised that public ownership of these banks would help in more effective mobilisation of savings and their channelisation for productive purposes. Since the nationalisation of such banks, bank services have grown rapidly, particularly, in the hitherto under-banked rural and semi-urban areas. There has also been a progressive increase in the deployment of bank resources for the neglected sectors and weaker sections of society.

2. The Government are committed to implement the 20-point programme vigorously. In pursuance of this objective, the public sector banks have undertaken to increase their credit to priority sectors to 40 per cent, of their total advances over a period of five years.

3. In order further to control the heights of the economy, to meet progressively, and serve better, the needs of the development of the economy and to promote the welfare of the people, in conformity with the policy of the State towards securing the principles laid down in clauses (b) and (c) of article 39 of the Constitution, six Indian private sector banks, each having deposits of Rs. 200 crores or more on 14th March, 1980, were nationalised by the Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1980, promulgated by the President on the 15th April, 1980. The Ordinance was also considered necessary for providing larger credit to priority sectors, for establishing a more effective and meaningful direction and control over the operations of these banks and also for making these banks an integral part of the national development effort. The Ordinance, apart from providing for the transfer and vesting of the undertakings of the six banks in the corresponding new banks, provided for payment of an amount for the acquisition of such undertakings, the management of the corresponding new banks and other necessary and consequential provisions.

4. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;

The 3rd June, 1980.

R. VENKATARAMAN.

## FINANCIAL MEMORANDUM

Clause 4 of the Bill provides for the acquisition of the undertakings of six existing banks. Clause 6 of the Bill provides for the payment of the amounts specified therein and the manner in which such amounts shall be paid to the existing banks for such acquisition. The aggregate amount payable will be Rs. 18.50 crores as indicated in the Second Schedule to the Bill and is payable in cash or in Central Government securities, according to the option of each recipient existing bank. If a recipient existing bank opts for payment in cash only, the payment will be made in three equal annual instalments, each instalment carrying interest at the rate of  $5\frac{1}{2}$  per cent. per annum from the date of commencement of the Act, namely, 15th April, 1980. If a recipient existing bank opts to take the amount, either wholly or partly, in the form of securities, it can choose either a 10-year security repayable at par carrying interest at 6 per cent. per annum or a 30-year security repayable at par carrying interest at 7 per cent. per annum. A similar option regarding payment in cash or security or both has been provided also in respect of an interim payment of an amount equal to 75 per cent. of the paid-up capital of the concerned existing bank, if it so opts.

The option provided under clause 6 of the Bill is exercisable by every existing bank before the expiry of a period of three months from 15th April, 1980. In view of the availability of this option, it is not possible to indicate precisely the amount which will be actually payable in each financial year. However, if all the six existing banks opt for payment entirely in cash, the principal amount which will be paid in each of the three years beginning from 1980-81 will be about Rs. 6.17 crores. In that event, the interest payable will be about Rs. 50 lakhs in 1980-81, Rs. 67.83 lakhs in 1981-82 and Rs. 33.92 lakhs in 1982-83. Apart from this recurring expenditure for the first three years, no other expenditure, either recurring or non-recurring, will be incurred thereafter. In the event of some of the existing banks choosing to receive the payment of the amount in Government securities, or partly in cash and partly in Government securities, as provided for in the Bill, the interest payable on account of payment of amount in cash may be reduced while the interest payable on securities may increase depending on the proportion and nature of the securities which may be issued by the Government. It is, therefore, not practicable at this stage to calculate the amount of recurring expenditure on account of interest which will be payable each year.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 9 of the Bill empowers the Central Government to make a scheme, after consultation with the Reserve Bank, for carrying out the provisions of the Act. The scheme will, *inter alia*, provide for matters relating to the capital structure of the corresponding new bank, the constitution of the Board of Directors of such bank and such incidental, consequential and supplemental matters as may be necessary for carrying out the provisions of the Act. Every scheme so made is required to be laid before both Houses of Parliament and every such scheme shall be subject to modification or annulment by Parliament.

Clause 19 of the Bill empowers the Board of Directors of a corresponding new bank to make regulations, after consultation with the Reserve Bank and with the previous sanction of the Central Government. The matters in respect of which regulations may be made, *inter alia*, relate to the powers, functions and duties of local boards, the manner in which the business of the local boards shall be transacted, the delegation of powers and functions of the Board of Directors of a corresponding new bank and for similar matters for the efficient conduct of its affairs. Such regulations shall not be inconsistent with the provisions of the Act or any scheme made thereunder.

The matters in respect of which any scheme or regulations may be made are matters of administrative detail or procedure. The delegation of legislative powers is, therefore, of a normal character.

## BILL NO. 97 OF 1980

*A Bill further to amend the Advocates Act, 1961.*

BE it enacted by Parliament in the Thirty-first Year of the Republic of India as follows:—

1. This Act may be called the Advocates (Amendment) Act, 1980. Short title.
- 25 of 1981. 2. In section 17 of the Advocates Act, 1961 (hereinafter referred to as the principal Act), after clause (d) of sub-section (3), the following clause shall be inserted, namely:— Amendment of section 17.

“(e) notwithstanding anything contained in clause (a), the seniority of an attorney enrolled whether before or after the commencement of the Advocates (Amendment) Act, 1980] as an advocate shall be determined in accordance with the date of his enrolment as an attorney.”.

3. In section 23 of the principal Act,—

(i) after sub-section (3), the following sub-section shall be inserted, namely:— Amendment of section 23.

“(3A) Subject to the provisions of sub-sections (1), (2) and (3), the second Additional Solicitor-General of India shall have pre-audience over all other advocates.”;

(ii) in sub-section (4), for the brackets, figures and word “(2) and (3)”, the brackets, figures, word and letter “(2), (3) and (3A)” shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

The class of legal practitioners known as attorneys was abolished by the Advocates (Amendment) Act, 1976 and the pre-existing attorneys were required to become advocates under the Advocates Act. With a view to protecting their seniority, it is proposed to amend section 17 of the Advocates Act to provide that the seniority of an attorney who has become an advocate shall be determined by the date of his enrolment as attorney.

2. Under section 23 of the Advocates Act, 1961, the Attorney-General of India, the Solicitor-General of India and the Additional Solicitor-General of India have in that order pre-audience over all other advocates. A second Additional Solicitor-General has been appointed, for the better discharge of the legal business of Government, on the same terms and conditions of service as the Additional Solicitor-General and with the same functions. It is, therefore, proper that his right of pre-audience should be recognised by Statute. Accordingly, it is proposed to amend section 23 of the Advocates Act, so as to give him the right of pre-audience immediately after the other three Law Officers of the Government of India.

3. The Bill seeks to achieve the above objects.

NEW DELHI;

The 16th May, 1980.

P. SHIV SHANKER.

AVTAR SINGH RIKHY,

*Secretary.*